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Rapporteur: Mr. J.-L. Tordeur (Belgium)

Addendum

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Chapter I

UNITED NATIONS PROGRAMME OF ACTION FOR AFRICAN ECONOMIC RECOVERY AND DEVELOPMENT 1986-1990: UNCTAD'S INTERGOVERNMENTAL INPUT INTO THE GENERAL ASSEMBLY'S FINAL REVIEW AND APPRAISAL OF THE IMPLEMENTATION OF THE PROGRAMME OF ACTION IN 1991

(Agenda item 4)

(continued)

1. The representative of Sudan said that the UN-PAAERD concerned all vital sectors in the African economy and indicated a variety of propositions for Africa's economic recovery and development. African countries had accepted the primary responsibility for their own development and had undertaken structural adjustment programmes in spite of the risks involved. Secretariat document TD/B/1280 clearly indicated the reasons for the disappointing results achieved as a result of the implementation of the UN-PAAERD; to the reasons given (particularly in para.56) should be added drought and desertification, as well as other natural disasters.

2. His country had pursued adjustment programmes in spite of the difficulties involved. The programmes had been developed by taking into account the views of scientists, the private sector, and trade unions. Government spending had been reduced and efforts were being made to improve food security. The Government was endeavouring to increase production and self reliance, as well as paying more attention to popular participation in the promotion of development and growth.

3. UNCTAD's role in the implementation of the UN-PAAERD was vital, and his delegation appealed to the international community to support UNCTAD in its efforts to meet the numerous needs of African countries in terms of technical assistance activities. The international community needed to step up its bilateral and multilateral assistance in the areas of debt, resource flows, market access and the general functioning of the world economy. His country attached great importance to the continuation of the programme and called for a clear signal from the Board to that effect.

4. The representative of the Organization of African Unity (OAU) said that OAU agreed with the UNCTAD secretariat's analysis of the UN-PAAERD. African countries had made enormous efforts to try to overcome their economic difficulties, and most of them had undertaken costly structural adjustment programmes. However, few positive results had so far been achieved, and the

international community had not provided the promised assistance. Further efforts would therefore have to be made, with the support of the international community.

5. OAU had taken a number of initiatives to enhance economic integration in Africa, and in fact the treaty establishing the African Economic Community was expected to be signed later in the year. The creation of the Community represented the expression of the collective will of African States to lay the foundations for self-reliant and lasting development. Africa was thus entering a new phase of social and economic development, and it was hoped that the international community would provide its support.

6. The representative of Egypt said that four years was a short time for a programme such as UN-PAAERD to have a significant impact, since in the past the continent had not received adequate attention. The positive results that had been recorded were largely due to national efforts of African countries and favourable climatic conditions. African countries had carried out reform programmes at a high social cost, including encouragement of the private sector and foreign investment, but the results so far had not been encouraging.

7. A number of economic indicators in Africa were becoming worse. Debt was mounting due to the insufficient and non-comprehensive nature of international debt relief measures, as well as rising interest rates, while commodity markets were marked by downward fluctuation of prices and uncertainty. Future efforts should be based on the principle of full participation of the African countries and the international community, with primary responsibility lying with the African countries. Urgent action was required to alleviate the debt burden, and what was needed was a long-term, comprehensive approach to the debt problem. Official development assistance needed to be increased, and FDI needed to be encouraged by developed countries, alongside intensification of international efforts to assist African countries in pursuing structural adjustment programmes, which should deal not only with macro-economic issues but also with long-term structural problems, reduce the social burden and take development objectives into account. The international community should provide environmentally sound technologies on preferential and non-commercial terms, as well as advanced technology and know-how, and technical assistance needed to be enhanced.

8. The results of the Uruguay Round would be extremely important for Africa, and the agreements emanating from the current negotiations should not deny African countries the right to develop and protect the services sector or to have access to technology. There was also a need for a more comprehensive compensatory financing mechanism to offset falling export earnings.

9. His delegation endorsed the call by the Group of 77 for a five-year extension of the Programme to provide a chance for the full realization of its objectives, while taking into account changes that had taken place in Africa in the late 1980s and beginning of the 1990s. The international community had to shoulder its responsibility, and Africa must not be neglected in favour of other new concerns.

10. Any assessment of the UN-PAAERD and related studies, statistics and information by all international fora and organizations should cover the whole of developing Africa. UNCTAD's contribution to the UN-PAAERD in the areas of policy research and analysis, as well as technical assistance activities, was welcome. In that connection, future needs appraisal missions to Africa should cover all developing regions of the continent.

11. The representative of Algeria said that the African countries had opted for a courageous development programme reflecting their desire to assume responsibility for their development and growth, but despite the efforts made and costs incurred, the economic situation of Africa continued to cause concern. The main problems facing Africa were the growth in external debt, the drop in commodity prices, the deterioration in the terms of trade, the difficulties of structural adjustment and the unfavourable external environment.

12. The implementation of the UN-PAAERD had been delayed as a result of the international community's failure to honour its commitments. It must be recognized that the African countries had made considerable efforts, well before the adoption of the UN-PAAERD, to end their economies' vulnerability. However, that ambitious goal had not been attained because of the complexity of the task and because Africa did not have the necessary means. The international community must therefore show its solidarity with Africa, and the UN-PAAERD represented a positive step in the expression of international solidarity with a continent whose real needs had not been matched by the efforts made by the international community so far. The modest results of the UN-PAAERD must not be an excuse for inaction. Despite the very short time of

its implementation, there was a crucial need to pursue efforts for recovery in the African economies with fervour and determination to help the continent escape from the dead-end facing its development prospects. Solidarity was in the interests of all mankind.

13. The representative of Ghana said that his country's commitment to implementation of structural adjustment programmes predated UN-PAAERD. The first phase of Ghana's economic recovery programme had been launched in 1983, and the turnaround in the country's economy over the period 1983-1984 to 1989 had been remarkable, with average growth rates of 5 per cent per annum. His country appreciated the assistance and encouragement from the international community which had made this possible. The programme had had major social costs, however, especially in the areas of education, health, nutrition and unemployment. A programme addressing itself specifically to mitigating the social costs of the adjustment programme had been designed, also with the assistance of the international community.

14. To assist in mitigating these negative effects, UNCTAD's technical assistance programmes in the field of human resources development should be expanded and strengthened. UNCTAD's role under the UN-PAAERD should transcend just monitoring and assessing the implementation of the programme. UNCTAD should be given the requisite resources to play a catalytic role, commensurate with its mandate in the field of trade and development.

15. With regard to the role of commodities in overall economic performance, Ghana derived over 60 per cent of all its export earnings from cocoa beans, and the drop in the growth rate to 2 per cent in 1990 was due to a fall in cocoa prices to their lowest level in 20 years. There was a need, therefore, to address the structural deformity of the African economies in the context of diversification programmes.

16. Diversification programmes called for improved availability of financial resources. While existing arrangements under the STABEX for compensating ACP countries were welcome, they needed to be augmented and expanded in coverage. However, the existing arrangements were inadequate and were ultimately debt-creating, as were other forms of ODA. His delegation believed that foreign direct investment had the potential to play a major role in the economic transformation in Africa, especially through its interaction with the development of the private sector.

17. Finally, his delegation called for continuation of the UN-PAAERD for at least another five-year period, accompanied by renewed commitment from the international community. In spite of the mixed results of the Programme, given the necessary support positive results and progress could be achieved towards the creation of strong, self-sustaining economies in Africa.

18. The representative of Senegal said that the beginning of the 1980s had seen Africa in an economically difficult situation as a result of, inter alia, drought, debt, declining resources, unemployment and war. African Heads of State and Government had responded by adopting the APPER, the major priorities of which included agriculture, agricultural support sectors, training and environmental conservation. The problems facing African countries had been identified as including colonialism and the negative impact of apartheid on some countries. He welcomed the fact that Namibia had since become independent and that positive developments were taking place in South Africa. Development had to be based on dialogue, self-reliance, the rule of law, freedom of thought, democracy and human rights.

19. The UN-PAAERD was based on an international consensus and an authentic partnership. Africans had made considerable efforts to implement economic reforms and structural adjustment, but prices of commodities had dropped, the terms of trade had deteriorated, debt had mounted and capital flows from abroad had diminished. The contribution of the international financial institutions and other organizations to the UN-PAAERD would have to be assessed in that connection.

20. The 1980s had been a decade of stagnation, and a continued dialogue with the donor community was essential. Among other things, resources would have to be mobilized, commodity prices stabilized and investment encouraged, and regional integration would have to play an important role.

21. For its part, the UN-PAAERD must be pursued to allow African economies to proceed with structural adjustment and better withstand external shocks. Partnership was essential, and the UN-PAAERD should be seen not as a mere list of countries' needs but as the expression of a collective desire to participate in the construction of a new world order.

22. The representative of Ethiopia said that the APPER had signified the will and determination of African countries to tackle their problems by themselves. Food production and agricultural rehabilitation had been the main priority, and African countries had pledged themselves to allocating 25 per cent of their budgetary resources to those sectors. The international

community for its part had pledged itself to supporting fully African efforts, as expressed in the UN-PAAERD. However, the commitments had not been realized, and the situation was now worse than it had been five years before. African countries had spared no effort in trying to implement the twin programmes to bring about recovery and development. African countries had introduced policy reforms, including difficult structural adjustment programmes, to make their economies more efficient and flexible. For example, in Ethiopia fundamental changes had been introduced in order to provide a framework for the efficient functioning of both the public and the private sectors, as well as foreign enterprises. The response of the international community had been mixed, but overall it had been below expectations. His delegation appreciated the efforts made by some members of the donor community and was concerned by the lack of will of many of Africa's development partners.

23. The representative of Nigeria said that the 1980s had been a decade of massive retrogression for Africa. African countries had suffered major deficits, and African debt and debt-service ratios had soared. Per capita output had fallen, while the number of African LDCs had increased from 17 in the 1970s to 28.

24. His delegation recognized that the primary responsibility for the development of the African countries lay with the African Governments and people. It was in that light that OAU had adopted the APPER in 1985, and most African countries had adopted appropriate policies aimed at implementing their commitments under the programme, although the unfavourable international environment remained the major obstacle.

25. A significant achievement of the UN-PAAERD had been to draw the attention of the world community to the acute economic problems facing the African region. The international community, however, had not lived up to its commitments on UN-PAAERD; resource flows were below the expected levels, FDI was almost nil, and commercial bank lending was equally non-existent. His delegation expressed the hope that Africa would not be neglected, as most of the attention of the developed countries was now directed towards transforming East European countries.

26. A revitalized Africa would continue to provide large markets for the developed countries' exports. However, one of the most important obstacles in the way of recovery was the debt problem, and concerted international action was needed. Commodities continued to play a critical role in the economies of

many African countries, and the international community must assist Africa's diversification, processing and marketing activities. Improved market access for processed and semi-processed African exports would facilitate such efforts.

27. The four years that the programme had existed was too short a period for the realization of the goals of the UN-PAAERD. His delegation therefore supported the call by the Group of 77 for a five-year extension of the programme to enable the existing mechanisms to yield positive results and to enable the international community to meet its obligations under the programme. His delegation also supported the continuation of the existing mechanisms within UNCTAD to assist the African countries.

28. The representative of Sweden, speaking on behalf of the Nordic countries, assured the Committee of the Nordic countries' commitment to continued support for African countries in their endeavours to embark upon sound and sustainable development. The Nordic countries had taken the UN-PAAERD very seriously when the Programme had been adopted by the General Assembly in June 1986. The bulk of Nordic development assistance was allocated to sub-Saharan Africa, and sub-Saharan Africa would continue to have high priority in future allocations of ODA flows from the Nordic countries.

29. The importance of UN-PAAERD lay in two aspects: the increased awareness on the part of African countries of the need to accept primary responsibility for their economic development and launch stringent and far-reaching economic reform programmes based on market economy principles; and the partnership with the international community in implementing these often harsh reform programmes.

30. The conclusion reached by the Nordic countries was that many countries were on the right track towards sounder economic development but that the major work still lay ahead, since the situation in most sub-Saharan countries remained critical. This called for urgent action by the African countries themselves and the international donor community, which had committed itself to providing sufficient resources for the Programme of Action. In this context, the Nordic countries wished to underline the importance of burden sharing.

31. The need for fiscal restraint did not have to lead to neglect of the social sectors. The international financial institutions were increasingly aware of the need to provide budgetary resources for the social sectors to ease structural-adjustment-related hardships.

32. Finally, the Nordic countries would be happy with an outcome in the General Assembly that strengthened the partnership with African countries, and they would continue to assist Africa in achieving sound and sustainable development.

33. The representative of Switzerland asked whether UNCTAD participated in NATCAPS and, if it did, what its assessment of NATCAPS was.

34. The Chief of the Joint Technical Co-operation Unit said that UNCTAD had not yet participated in NATCAPS, and it could not, therefore, make an assessment. However, any exercise that made technical co-operation more effective was worthwhile. Efforts were also being made to link NATCAPS to other activities, and UNCTAD was encouraging UNDP to give importance to areas related to the external sector.